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THE FEDERAL TRIANGLE DEVELOPMENT ACT

AUGUST 3 (legislative day, JUNE 23), 1987.—Ordered to be printed

Mr. MOYNIHAN, from the Committee on Environment and Public Works, submitted the following

REPORT

[To accompany S. 1550]

The Committee on Environment and Public Works, to which was referred the bill (S. 1550) to complete the Federal Triangle in the District of Columbia, to construct a public building to provide Federal office space and space for an international cultural and trade center, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

GENERAL STATEMENT

This bill brings to completion—we would dare to say triumphant completion—twenty-five years of the redevelopment of Pennsylvania Avenue which was ordered by President John F. Kennedy on June 1, 1962. It brings to completion, also, the construction of the Federal Triangle as provided in the Public Buildings Act of 1926, signed by President Coolidge and undertaken by then Secretary of the Treasury, Andrew Mellon.

The circumstances of President Kennedy's great directive ought to be recorded. At a meeting of the Cabinet on August 4, 1961, there was a pause in the discussion of foreign policy and talk turned to the second most important of all issues in government, which is to say office space. In truth the matter was pressing. Work on Mellon's Federal Triangle simply stopped with the Depression. Somehow the great New Deal public works projects barely touched Washington. The war ended any such activity, save for the construction of the Pentagon. The postwar period was taken up with reconstructing the cities of Europe and suchlike, but Washington remained neglected, and commenced to be run down. From

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the point of view of simple efficiency, departments grew ever more difficult to manage as bureaus spilled over into ever more haphazard temporary quarters. Worse yet, as with most postwar cities, Washington was striving to move away from its old "downtown", heading for the suburbs. The area between the Capitol and the White House was becoming a slum.

Riding down Pennsylvania Avenue in his Inaugural Parade President Kennedy noted this, and later the same day mentioned it to his energetic and innovative Secretary of Labor Arthur J. Goldberg. At the August cabinet meeting it was decided to set up an Ad Hoc Committee on Federal Office Space, with Secretary Goldberg as Chairman. Labor was high on any list for a new building; besides, Goldberg saw the assignment as an opportunity both to press for the redevelopment of Pennsylvania Avenue, and to bring modernity to Federal architecture. At this time it had been roughly half a century since the Federal government had last built what could be called a contemporary building, and even these were derivative in the beaux arts tradition.

With the now Chairman of the Subcommittee on Water Resources, Transportation, and Infrastructure serving as secretary, and with the special encouragement of the President's great friend, William Walton, and the watchful assistance of Frederick L. Holborn on the White House staff, the Ad Hoc Committee set to work. Its report to the President submitted on May 23, 1962, contained a 10 year building program and two special sections, The Redevelopment of Pennsylvania Avenue, and Guiding Principles for Federal Architecture. It may be noted that while the term did not then exist the "Architecture of Coercion" was all too much a reality at midcentury, and the Kennedy planners were at pains to reject it. "Lively, friendly, and inviting" was their goal for the Avenue of Presidents. (It should be noted that the Guiding Principles are still in effect, and are of course nationwide in their application.)

[Excerpt from Ad Hoc Committee report to the President submitted on May 23, 1962]

THE REDEVELOPMENT OF PENNSYLVANIA AVENUE

One of the distinctive features of the American Republic is that from the earliest days the Nation's capital has been located in an area set apart for that special purpose. No one visiting Washington can fail to recognize that the Government established here in the 18th Century was something new in the world, and that the men who created it were fully conscious of the great enterprise on which they had embarked.

The plans for the City of Washington, as drawn for the first President by Major Charles Pierre L'Enfant, began with the location of the principal buildings of the new Government and the great avenues that would connect them. The grand axis of the city, as of the Nation, was Pennsylvania Avenue leading from the Capitol to the White House, symbolizing at once the separation of powers and the fundamental unity in the American Government.

Just as the new Government was not founded on small aspirations, neither did Washington or L'Enfant make any little plans. The city they conceived was not intended to be completed in the life of one administration, or one generation. They designed the Capitol of a great nation: building it would become the work of that nation.

Scarcely a generation in our history has not contributed to this work. The appearance of the Nation's Capital has been a matter of continued concern to Congress and to successive administrations. Down through the years, despite some lapses, those responsible have been essentially faithful to the original vision of Washington and his inspired city planner.

The modern era began with the report of the McMillan Commission at the beginning of the Century, which reiterated the essential principles of the L'Enfant scheme. The Commission plans called for the construction of the Mall, the Lincoln Memorial, the Arlington Bridge, and for a general development of public buildings in the area between the Capitol and the White House.

The most recent major development in the Capital took place under President Hoover and Secretary of the Treasury Andrew Mellon who conceived the great Federal Triangle. This spacious and dignified complex of office structures occupies the area formed by Constitution Avenue, Fourteenth Street and Pennsylvania Avenue. As a result, all of the space on the south side of Pennsylvania Avenue between the Capitol and the White House is occupied by public buildings.

It was clear to the planners of the 1920's that the south side of Pennsylvania Avenue could not be developed while neglecting the north side. To develop one without the other would produce an imbalance wholly at odds with the spirit of L'Enfant. Accordingly, the plans for the Federal Triangle were accompanied by plans for a Municipal Center on the north side of the Avenue extending from Third Street to Sixth Street, with John Marshall Place at the center. The architecture of the Municipal buildings was to follow closely that of the Federal structures opposite.

Andrew Mellon expressed with great feeling the harmony of the scene he hoped to create—

"It is easy to see what the effect will be. As one proceeds down Pennsylvania Avenue toward the Capitol, on the south side will be a succession of beautiful and harmonious buildings, all of a design in keeping with the semiclassical tradition so well established in Washington. On the north side vistas will be opened up, so that groups of buildings, such as the beautiful District of Columbia Courthouse, on John Marshall Place, shall be brought into the general plan of Pennsylvania Avenue. At the same time the Mall will present the spectacle of a great park bordered on one side by the new boulevard with beautiful buildings, a wide parkway of greensward with its four rows of trees, its drives and walks, statues, and reflecting pools, all arranged in such a way that long vistas will be opened up for views of the Capitol in one direction and of the Washington Monument and Lincoln Memorial in the other."

The plans for Pennsylvania Avenue were never fulfilled. The great depression prevented the completion of the facade of the Federal buildings while the Main Court of the Triangle was left to become a parking lot of surpasssing ugliness. For various reasons, only about half the Municipal Center was constructed.

The result of the failure to fulfill this grand concept has been lamentable disharmony. On the south side of the Avenue the stately progression of Federal offices designed under Andrew Mellon is twice interrupted by earlier structures of a quite different character. The north side presents a scene of desolation: block after block of decayed 19th century buildings, many of which are vacant above the first story, only rarely interspersed by partially successful efforts at modernization. The roadway, sidewalks, lamp posts and other features of the avenue have been sorely neglected. Increasingly the Capitol itself is cut off from the most developed part of the city by a blighted area that is unsightly by day and empty by night.

Pennsylvania Avenue should be the great thoroughfare of the City of Washington. Instead it remains a vast, unformed, cluttered expanse at the heart of the Nation's Capital.

The present appearance of Pennsylvania Avenue demands attention for the precise reason that profound changes are about to take place. Large segments on the north side are decayed beyond restoration. It is clear that a great many of the buildings are about to be torn down and replaced by new structures which will include both private and public buildings.

This presents a great opportunity. From Washington's time there has been a general understanding that the Federal Government has a responsibility to maintain standards of buildings and architecture in the Nation's Capital. For the past century this function has been ably performed by the Commission of Fine Arts. The prospect that a considerable number of buildings will be erected along Pennsylvania Avenue in a short span of time makes it possible to consider the overall appearance, as well as the appearance of the individual structures. Instead of designing and constructing one new building at a time, it becomes possible to design and construct what would, in effect, be a new avenue.

This is an opportunity not to be missed. It will not come again for a half century or more, except at the prohibitive cost of demolishing large blocks of new and expensive office buildings.

At the same time it is clear that a dramatic transformation in the appearance of Pennsylvania Avenue is possible with only a marginal increase in projected expendi-

ture. The General Services Administration hopes to build a number of new buildings in the downtown area. The need for additional office space is such that it cannot be doubted that Congress will approve. There are equally good grounds to suppose that substantial private capital will be expended for hotels and office buildings in the downtown area. (It may be noted that Washington attracts over 15,000,000 visitors a year.) Merely by combining these separate endeavors in one construction program a totality far more handsome, more truly functional, and more soundly economical may be achieved.

The committee feels there should be no delay in setting up this effort. Specifically, the Federal Government, in cooperation with the District government, should formally undertake the redevelopment of Pennsylvania Avenue, so that it may assume its rightful place as the principal thoroughfare of the Nation's Capital.

The Pennsylvania Avenue project should be regarded as a continuation of the work on the Federal Triangle which began a generation ago. In this instance, however, the effort should involve a partnership between the Government and private enterprise. A primary object of the redevelopment of the Avenue should be to emphasize the role of the Capitol itself as the center of the city. For this reason care should be taken not to line the north side with a solid block of public and private office buildings which close down completely at night and on weekends leaving the Capitol more isolated than ever. Pennsylvania Avenue should be lively, friendly and inviting, as well as dignified and impressive.

As much attention should be paid to the 160-foot wide Avenue itself as to the buildings that line it. Much repairing and rearranging is in order. The object should be to produce an Avenue on which it is pleasant to walk as well as possible to drive. Benches, arcades, sculpture, planting and foundations should be encouraged.

In 1952, by Act of Congress, the National Capital Planning Commission was created and designated as "the central planning agency for the Federal and District Governments to plan the appropriate and orderly development and redevelopment of the National Capital and the conservation of the important natural and historical features thereof." It is clear that the central responsibility for planning the redevelopment of Pennsylvania Avenue resides with the Commission. To fulfill this responsibility it will be necessary for the Commission to engage the services of a number of the foremost architects of the Nation: nothing less than the very finest, established talents available will be sufficient for this unusually significant undertaking.

Responsibility for the design and construction of new Federal buildings will, of course, remain with the General Services Administration, which should play a major role in the entire program. The Planning Commission will also wish to work in the closest cooperation with the Architect of the Capitol and the Commission of Fine Arts. They will also wish to work with the National Capital Transportation Agency, the Federal City Council, Downtown Progress, the American Institute of Architects and the numerous other public and private organizations that will be concerned with this splendid challenge to the creative talents of all those concerned with the beauty and majesty of the Capital City of the United States of America.

GUIDING PRINCIPLES FOR FEDERAL ARCHITECTURE

In the course of its consideration of the general subject of Federal office space, the committee has given some thought to the need for a set of principles which will guide the Government in the choice of design for Federal buildings. The committee takes it to be a matter of general understanding that the economy and suitability of Federal office space derives directly from the architectural design and the belief that good design is optional, or in some way separate from the question of the provision of office space itself; does not bear scrutiny, and in fact invites the least efficient use of public money.

The design of Federal office buildings, particularly those to be located in the Nation's Capital, must meet a two-fold requirement. First, it must provide efficient and economical facilities for the use of Government agencies. Second, it must provide visual testimony to the dignity, enterprise, vigor, and stability of the American Government.

It should be our object to meet the test of Pericles' evocation to the Athenians, which the President commended to the Massachusetts legislature in his address of January 9, 1961: "We do not imitate—for we are a model to others."

The committee is also of the opinion that the Federal Government, no less than other public and private organizations concerned with the construction of new buildings, should take advantage of the increasingly fruitful collaboration between architecture and the fine arts.

With these objectives in view, the committee recommends a three point architectural policy for the Federal Government.

One. The policy shall be to provide requisite and adequate facilities in an architectural style and form which is distinguished and which will reflect the dignity, enterprise, vigor, and stability of the American National Government. Major emphasis should be placed on the choice of designs that embody the finest contemporary American architectural thought. Specific attention should be paid to the possibilities of incorporating into such designs qualities which reflect the regional architectural traditions of that part of the Nation in which buildings are located. Where appropriate, fine art should be incorporated in the designs, with emphasis on the work of living American artists. Designs shall adhere to sound construction practice and utilize materials, methods and equipment of proven dependability. Buildings shall be economical to build, operate and maintain, and should be accessible to the handicapped.

Two. The development of an official style must be avoided. Design must flow from the architectural profession to the Government, and not vice versa. The Government should be willing to pay some additional cost to avoid excessive uniformity in design of Federal buildings. Competitions for the design of Federal buildings may be held where appropriate. The advice of distinguished architects ought to, as a rule, be sought prior to the award of important design contracts.

Three. The choice and development of the building site should be considered the first step of the design process. This choice should be made in cooperation with local agencies. Special attention should be paid to the general ensemble of streets and public places of which Federal buildings will form a part. Where possible, buildings should be located so as to permit a generous development of landscape.

President Kennedy approved the Report and on June 1, 1962, issued this directive, as taken from his Presidential Papers.

[President Kennedy's Presidential Papers]

MEMORANDUM CONCERNING IMPROVEMENTS IN FEDERAL OFFICE SPACE AND THE REDEVELOPMENT OF PENNSYLVANIA AVENUE, JUNE 1, 1962

Memorandum for:

The Secretary of Commerce
The Secretary of Labor
The Director, Bureau of the Budget
The Administrator of General Services Administration
The Special Assistant to the President for Cabinet and Departmental Relations
The Chairman, National Capital Planning Commission

I have reviewed the report of the Ad Hoc Committee on Federal Office Space. This report provides a long-needed perspective on Federal office space problems and prospects in the Washington, D.C. metropolitan area.

I am requesting each department and agency head to give immediate study to the report and take appropriate action. Future planning for the acquisition and use of office space is to be guided by the findings and recommendations of this report.

I will appreciate a progress report one year from now by the Administrator of General Services with regard to Federal office space and the adoption of improved architectural standards. I should like a similar report on progress from the Chairman of the National Capital Planning Commission with regard to the improvement of Pennsylvania Avenue.

JOHN F. KENNEDY.

NOTE: At a cabinet meeting on August 4, 1961, the President directed that a survey be made of the Government's immediate and long-term space needs, with

particular reference to the greater Washington area. An ad hoc committee was established consisting of the Secretaries of Commerce and Labor, the Director of the Bureau of the Budget, the Administrator of General Services, and the Special Assistant to the President for Cabinet and Departmental Relations.

In reporting to the President, on May 23, the Committee pointed out that the problem of office space in the District of Columbia area was acute and that with each succeeding year the needs increased. The report noted that the steady growth of personnel in the area, combined with a low level of public building construction, had produced a haphazard pattern of space procurement and continued reliance on temporary and obsolete buildings, some of which dated from World War I. The Committee recommended a 10-year plan providing for a minimum of 12 new Federal buildings, together with the elimination of existing temporary and obsolete Government-owned buildings. The design of the new buildings, the Committee emphasized, should provide efficient and economical facilities for the use of Government agencies, and should provide visual testimony to the dignity, enterprise, vigor, and stability of the American Government.

The Committee further recommended that immediate attention be given to improving the appearance of Pennsylvania Avenue. It noted that "the north side presents a scene of desolation; block after block of decayed nineteenth century buildings, many of which are vacant above the first story, only rarely interspersed by partially successful efforts at modernization." The Capitol, it pointed out, is increasingly cut off from the most developed part of the city by a blighted area that is unsightly by day and empty by night. The report stated that a great many of the buildings were soon to be torn down and replaced by new structures, both private and public, and that this presented an opportunity for a dramatic transformation in the appearance of the Avenue, with only a marginal increase in projected expenditures. "As conceived by L'Enfant," the Committee stated, "the 'grand axis' of the City of Washington was to be Pennsylvania Avenue from the Capitol to the White House, expressing symbolically both the separation of powers and the essential unity in the American form of Government."

The report concluded with the recommendation that central responsibility for planning the redevelopment of the Avenue should reside with the National Capital Planning Commission; for the design and construction of the new Federal buildings, with the General Services Administration.

Next the great American architect and impresario Nathanial Alexander Owings was asked to chair a committee of architects, designers, and planners to develop a plan. This took another year, but was ready in the fall of 1963. Again the young President was moved by a vision of the City that had stirred Washington and Jefferson, if few of his predecessors inbetween. The last instruction President Kennedy gave before leaving for Dallas on November 21, was that on his return a coffee hour should be arranged at which he might show the model of the Pennsylvania Avenue plan to the Congressional leaders.

This meeting was being planned at a luncheon in Mr. Walton's house attended by him, the Chairman of our Subcommittee, and Honorable Charles A. Horsky, the President's Advisor for National Capital Affairs, when the White House operator phoned to report that the President had been shot.

There thus devolved on others the task and the dream the young President had embraced. It has taken a quarter century, but it is now done, or soon will be. One by one the projects have been put in place. They have not been uniformly successful, and they are anything but uniform, but they have saved the great avenue. The fine new Canadian Embassy is rising at the foot of Capitol Hill, its pillars echoing those of the Federal Trade Commission and the National Gallery. Across the Avenue I.M. Pei's masterful East Building seems now to have been there from the beginning. The Frances Perkins Department of Labor Building sits astride the sunken Interstate route 395, leading to the Reflecting Pool which was built

with the savings that came from not bending the tunnel to accommodate three old cottonwood trees beloved of a then Senior Senator. The Meade Memorial is splendidly out of place just up the Avenue. Market Square, leading the L'Enfant's great transverse, is now being transformed into the Navy Memorial, while 8th Street is half on its way to becoming a pedestrian mall. The semi-derelict Pension Office of a quarter century back is now the vibrant National Portrait Gallery and National Museum of American Art. The Committee has provided for the restoration of the original Post Office Building on the west side of 8th Street. At 9th Street we come upon the massive FBI building which J. Edgar Hoover moved back fifty feet to allow for the Avenue's plan. Then we come upon the magnificently restored Old Post Office. One of the first decisions of President Kennedy's committee was not to tear down the Post Office as the Federal Triangle plan would have done. The purpose was to keep access to the magnificent platform in the tower which gives the finest view of Washington to be had anywhere. In the intervening quarter century we have learned to recycle buildings, and now the Post Office interior is alive with restaurants and shops. A similar happy fate awaited the old Pension Building, now the National Building Museum. All along the way buildings have been recycled, notably the old Apex Liquor building as it was known, now a corporate headquarters. Just outside is the restored Temperance Fountain dedicated in the minds of many to Nathanial Alexander Owings. The Washington Star Building is being redone, and next to it is the first building in which private owners voluntarily followed the "set back" scheme for a plante sidewalk. Western Plaza, with fair success, faces the equally modest achievement of the Marriott Hotel. But at 14th Street we come upon glory indeed with the reopened Willard Hotel, in ways the queen of the Avenue. The redone National Press Building is a great success, and a good case for not tearing things down too quickly. Pershing Square is a triumph. And now we shall have the International Cultural and Trade Center on 14th Street. It will be the City's largest—and let us hope one of its best designed—buildings on the site of what the Ad Hoc Committee described in 1962 as "a parking lot of surpassing ugliness." It is what he hoped would be done. It has been worth doing.

After a quarter century I believe our work is done and respectfully ask to be relieved. Before concluding, however, I wish to express special appreciation to the Honorable Harry C. McPherson, Jr., who, as Counsel to President Johnson ensured that this enterprise was not lost in the difficult days that followed the death of President Kennedy, and also to President Richard M. Nixon who determined that it would indeed go forward. It is especially satisfying that we have ended up not merely saving the center of Washington, but saving almost a third of the billion dollars in rent money as well.

It paid for itself!

SUMMARY OF MAJOR PROVISIONS

This bill authorizes development of a Federal office complex and international cultural and trade center on the Federal triangle site

at 14th St. and Pennsylvania Avenue NW. The building will be built on a "lease-to-own" plan, whereby the Federal Government's lease payments over a 30 year lease term will pay for the cost of constructing the building. At the end of 30 years, the Federal Government will own the building in fee simple—no payments in addition to the rent over the 30 years will be necessary. This method of financing will save the Federal Government $281 million—almost a third of a billion—over the 30 year lease.

The primary agencies involved in planning and building this center will be the General Services Administration (GSA), Pennsylvania Avenue Development Corporation (Corporation) and a Presidential Commission, the International Cultural and Trade Center Commission (Commission). The Department of State, National Capital Planning Commission and Commission of Fine Arts will have advisory roles. The bill mandates specific roles for these entities to ensure that the complex is of monumental quality, appropriate to the distinguished setting of the Federal triangle.

Members of the Committee have long been concerned over escalating rents which the Federal Government pays for leased space. At the end of the lease term, often the landlord dramatically increases the rent to the Federal Government, which is somewhat of a "captive" tenant. The government must choose between this higher rent and a costly move to perhaps equally expensive or less desirably located space elsewhere.

Rents for the Federal Government in the National Capital region have increased by 30 percent over the last two years alone. The annual Federal Government's rental bill is about $1.4 billion currently, up from about $400 million in 1970. Without decisive action by Congress, the Federal rental bill will reach $2 billion annually by the end of the century. Within the next 10 years, 95 percent of the Federal office leases will come up for renewal.

In the 1960's, the Federal Government stopped constructing buildings, partly over concern about annual spending. In the short run, it appeared less expensive to appropriate funds for an annual lease payment, than to appropriate the entire cost of constructing a building up front. Now, however, the Federal Government is paying for this "creative accounting," as the statistics cited demonstrate. The Committee believes that the Federal Government once again must start to build office buildings, to ensure that the government not be at the mercy of escalating rents, and to guarantee that safe, comfortable working environments are provided to Federal employees. The committee intends that the international cultural and trade center be a model for future projects of this kind.

GSA's current housing plan calls for the Justice Department, the Securities and Exchange Commission, the Treasury, and State Departments to occupy the Federal office portion of the complex. This project and other actions in the District will permit major consolidations of Treasury, Justice, and State.

Treasury from 38 buildings to 4.
Justice from 26 buildings to 3.
State from 16 buildings to 3.

The benefits from these consolidations will include increased efficiency and decreased need for transportation of employees from location to location.

Next to the Pentagon, which has 3.8 million occupiable square feet, this will be the second largest Federal building in the Nation, and the largest building in the District of Columbia. According to GSA's estimates, this building will provide about 1.9 million occupiable square feet; 1.4 million square feet for the Federal uses, and 500,000 square feet for the International Cultural and Trade Center (ICTC).

The ICTC will house foreign missions, international, State and local agencies concerned with trade, and government sponsored organizations supporting cultural exchanges. The ICTC Commission will determine appropriate tenants and uses for the center, in conjunction with the State Department and GSA Administrator.

At the hearing on this matter held May 1, 1987, the Committee received enthusiastic support for the center from representatives of the State Department, Commerce Department, U.S. Information Agency, diplomatic community, the Mayor of Washington, D.C., and the Federal City Council. The Committee believes that the center, if properly leased and operated, will enhance opportunities for American trade, commerce, communications, and cultural exchanges, and thus complement the work of Federal, State and local agencies in the areas of international trade and cultural activities.

The House Public Works and Transportation Committee, led by Chairman James J. Howard and Subcommittee Chairman Fofo I.F. Sunia, and ranking minority Members, Representatives John Paul Hammerschmidt and Guy V. Molinari, held a hearing on this proposal July 22, 1987. Chairman Howard hopes to pass the Senate bill expeditiously once it is received from the Senate. The Committee on Environment and Public Works appreciates this cooperation on this important undertaking.

DISCUSSION OF MAJOR PROVISIONS

Savings to the Federal Government

This method of financing will save the Federal Government $281 million—almost a third of a billion—over the 30 year lease. According to GSA, the total construction cost for the building will be $362 million. The cost of the lease for the Federal office portion of the complex to GSA will be $38 million/year. Comparable space in the private market would cost $50 million/year, according to GSA. When the building is ready for occupancy in 1993, this lease cost for the Federal office portion computes to $27 per square foot. The comparable cost in the private market would be $35 per square foot. These figures reflect GSA's assumption of 1.4 million occupiable square feet of Federal office space.

For the ICTC portion of the lease, the cost will be $15.2 million per year. This is equivalent to $30 per square foot, slightly more than the Federal office portion, due to special features of the space suitable for exhibits, displays, meetings, and security measures.

Design and attributes of building

The Committee states in section 2, that the design and construction of the Federal building complex will as much as practicable, conform to the Guiding Principles for Federal Architecture recommended by the Committee on Federal Office Space in 1962 (includ-

ed in this report). This public building is to be of "monumental quality," and "provide visual testimony to the dignity, enterprise and vigor of the Federal Government." To ensure that this building is appropriate to the historic setting of the Federal triangle, the Committee requires comments and recommended modifications, if any, to the plan developed by the Corporation to be sent to the Congress by the National Capital Planning Commission and the Commission of Fine Arts. These reviews are not to replace or supplant other statutory responsibilities of the National Capital Planning Commission or the Commission of Fine Arts with regard to this project.

The Committee has provided some flexibility to the Corporation by authorizing a building of up to 3.1 million gross square feet, in part to allow resolution of a potential parking problem. GSA has stated that plans are to provide at least double the amount of parking spaces now on the Federal triangle lot, by utilizing underground parking. The Committee notes its concern that adequate provision for parking and connection to mass transit be part of the development plan so that Federal employees and visitors are not disadvantaged by the development. This is not however to be taken as a license to build a structure more massive than would be in keeping with the site and historic buildings around it.

Technical specifications

The Committee is concerned that in the past on some projects, cost overruns have resulted from poor definition by GSA or other Federal agencies of design criteria and technical specifications. Revising specifications for a building through innumerable change orders is costly and inefficient. Therefore, GSA and the Corporation must ensure that their design criteria and technical directives and specifications in the development proposal and development agreement and leases are sufficiently precise and well planned to avoid later change orders as much as possible. These technical directives and specifications shall include, but not be limited to, physical dimensions, exterior materials, interior materials and finishes, structural capacity, mechanical and electrical systems, fire protection, safety, handicapped accessibility and elevators.

Role of agencies

The findings state that this project should be a cooperative venture among the major agencies involved the General Services Administration, Pennsylvania Avenue Development Corporation and the newly created International Cultural and Trade Center Commission. For this reason, very specific assignments are given to these entities, in order to utilize their individual expertise and to avoid duplicating personnel or services which are already available in the Federal Government.

Sections 3 and 4 give the Corporation responsibility for preparing the development proposal and selecting the "person" responsible for building the complex after consultation with the GSA and the Commission. "Person" as defined by 1 U.S.C. section 1 includes "corporations, companies, associations, firms, partnerships, societies, and joint stock companies as well as individuals." The Corporation has already handled numerous design-build competitions,

and has the policies, procedures staff and consultants necessary to conduct a competition among developers. The Corporation is charged to prepare a development plan for the site within one year of enactment. In fulfilling its role the Corporation may make use of any of its existing consultants or staff, or may contract out for services where appropriate. GSA and the Commission or other Federal agencies are similarly free to contract with the Corporation for services.

Certain items are listed in section 4 as the responsibility of the GSA Administrator, including a comprehensive plan for housing Federal employees and agencies, and a statement of rents and other housing costs currently being paid by those agencies which will occupy the Federal triangle building. The Administrator is to give preference, after considering the needs of cabinet agencies already located in the triangle, to the use of the new building by Federal agencies engaged in international trade and other international activities.

The Commission has the responsibility of preparing and submitting to the Corporation a leasing plan for the ICTC portion of the center that is acceptable to the GSA and to the State Department, and that justifies the need for up to 500,000 occupiable square feet for the ICTC.

Design and development sequence

At present title to the Federal triangle rests with the GSA. This bill transfers the title to the land to the Corporation, during the construction period and the 30 year master lease between GSA and the developer who is selected to build the building. The developer, however, will own the building as it is being built, and throughout the 30 year lease term. At the termination of the master lease the entire parcel of land with the building(s) and improvements revert to GSA. Both the development agreement and the master lease between GSA and the developer will have been executed before construction begins. Upon a certification of need, the GSA will sublease up to 500,000 occupiable square feet to the ICTC Commission, which will in turn sublease to foreign tenants and other appropriate users. The GSA will reserve in its sublease with the ICTC the right to reenter and take over space in case of default by the ICTC or inadequate demand for the space to cover the costs of construction and maintenance. In the event that GSA has to take over space from the ICTC, provision will be made for notice and equitable treatment of current leases. Section 4 provides that any space in the ICTC be convertible to Federal office space, should it not be leased by the Commission. GSA requested this kind of overall lease and build-to-own arrangement, for reasons of efficiency, tax purposes and economy.

Lease rates

Section 6(b)(2) states that the lease rate for the master lease between GSA and the developer "will be in the best interest of the United States and carry out the objectives of the Act, but in no case may the aggregate rental rate for all space in the building produce an amount less than the amount necessary to amortize the cost of development of the Federal Triangle property over the term

of the lease." This reflects the Committee's view that the rental rate should cover the costs of building, financing, operating and maintaining the building, including the ICTC portion. Section 6(c) requires that the GSA Administrator establish an accounting system that ensures that adequate provision is made for maintenance and rehabilitation of this complex, and that adequate funds are set aside for this purpose. However laudable the goals of consolidating the agencies and promoting international trade and cultural exchanges, the buildings that the Federal Government builds should pay their own way, and should be maintained properly.

Recognizing that the ICTC may merit some flexibility in terms of rental rates for the ICTC, the Committee provided in Section 8(b)(3)(B) that the Commission may adjust rental rates per square foot in accordance with the State Department's Basic Authorities Act, and that the Secretary of State may reimburse the Commission for any shortfall. However, in aggregate, the space subleased by the Commission from the GSA must cover the costs of the sublease portion as a part of the master lease held by GSA, and must cover its expenses of operating the Commission. Because the Committee recognized that the Commission required some time to establish the leasing and use of the ICTC, the bill gives the Commission 2 years from the date that the Commission first receives and deposits rents from its sublease tenants before it must cover its entire operating and administrative expenses. Any excess over the operating expenses of the Commission is to be deposited in the Federal Building Fund.

Since there will be an interim period of planning and construction before lease revenues begin, the Committee provided for funding of the ICTC of up to $1 million per year through transfers from GSA, the State Department or any other Federal agency in section 8(h). The Committee rejected the suggestion that an additional fee of 1 percent be placed on the developer who wins the bid, because Members felt it more appropriate that the agencies which would most benefit from this building and center commit some modest agency resources towards the undertaking. Moreover, the bill provides authority for the Commission to contract out, to receive transfers of personnel and equipment from other agencies to the Commission, and gives the Commission the right to 15 staff members, 5 of which must come from other agencies. In this way, the Committee intended to encourage the Commission to avoid duplication of personnel and resources which are already available at GSA, State, the Corporation, other Federal agencies, or through consultants.

Future role of agencies

The Committee is aware that the Pennsylvania Avenue Development Corporation's enabling legislation provides that its board may vote the corporation out of existence when its mission is completed. No specific date is set for the Corporation's sunset in the Corporation's enabling legislation. However, in all likelihood, some successor to the Corporation will be necessary to oversee the properties in the district which the Corporation has planned and developed. This successor agency will probably be a smaller agency commensurate with its reduced management role. Therefore, the Commit-

tee intends in this bill to give the Corporation all powers over the Federal triangle development area which the Corporation may exercise over its current areas of jurisdiction and additional authorities given to the Corporation in this bill. Any powers and responsibilities of the Corporation are intended to be applicable to any successors or assigns. The Committee elected to exempt the Corporation from certain requirements of its enabling legislation, as not appropriate for a project on Federal land and directed closely by Federal agencies including the GSA.

The GSA will, as is its usual role with Federal buildings, assume the maintenance and operation of the entire complex once it becomes owned by the Federal Government at the end of the 30 year lease. During the construction phase and 30 year lease, GSA will also be responsible for the operation and maintenance of the entire facility.

Inspection

The Committee believes that it is vitally important that both the GSA and the Corporation develop an adequate program of inspection while the building is being built and throughout its 30 year lease as provided in section 5(b)(2)(D). Of course, this necessitates that the GSA and or the Corporation may enter the construction site at any time and frequency for inspections.

Alternative financing

During deliberations on this legislation, Members were made aware that the Federal Government needs to examine thoroughly different methods of financing Federal buildings, including the issuance of marketable securities by an agency of the Federal Government, third party financing, loans from the Federal financing bank and other sources. It is the Committee's intention to hold further hearings on alternative financing methods, and it recommends to GSA, OMB, the Corporation and other appropriate agencies that they investigate them also.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Short title

This Act may be cited as the Federal Triangle Development Act.

Sec. 2. Findings and purposes

This section states that development of a Federal building complex and international cultural and trade center on the Federal triangle site is in the national interest. It directs the General Services Administration (GSA), Pennsylvania Avenue Corporation (Corporation) and International Cultural and Trade Center Commission (Commission) to work cooperatively to develop the project.

The act transfers title over the Federal triangle property temporarily to the Pennsylvania Avenue Development Corporation, and gives the Corporation powers of eminent domain in order to accomplish the development of the site.

Congress directs the Corporation after consultation with the Administrator of GSA and Commission to prepare development plans,

and to enter into an agreement with a private developer for the site.

The design and development of the site will be guided insofar as practicable by the guiding principles for Federal architecture, recommended by the Committee on Federal Office Space in 1962.

Sec. 3. Federal triangle property

This section transfers title over the Federal triangle site to the Corporation until development is completed, the lease term between the developer and GSA is terminated, and the building ownership is turned over to the Federal Government.

Sec. 4. Development proposal

This section specifies the contents of the written development proposal to be prepared by the Corporation within 365 days of enactment, and limitations on the size, height and design of the building.

In preparing the development proposal, the Corporation must consult with the Secretary of State, Administrator of GSA and Commission.

The Commission will prepare the comprehensive leasing plan for occupancy of the international cultural and trade center.

The Corporation will submit the development proposal to the GSA, the Commission, the National Capital Planning Commission and the Commission of Fine Arts. These agencies have 90 days to notify the Corporation of their approval or of proposed changes to the proposal.

The Corporation will submit the proposal along with any areas of difference identified by reviewing agencies to the Congress within 150 days after the proposal is submitted for review to those agencies.

Sec. 5. Construction of buildings

After the development proposal is reviewed by the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation, the Corporation will conduct a development competition and will select a developer in consultation with the GSA Administrator and the Commission. The development agreement between the Corporation and the developer will contain elements specified in this section.

Sec. 6. Lease of building by GSA

Before the development agreement in section 5 is executed, the Administrator will enter a lease with the developer selected which will cover both the Federal office portion and the international cultural and trade center portion of the complex. This section specifies terms of that agreement, including authority for the Administrator to sublease to the Commission for the international cultural and trade center.

Sec. 7. International Cultural and Trade Center Commission

This section establishes the international cultural and trade center commission appointed by the President whose duties are to participate in the planning, establishment, operation and mainte-

nance of an international cultural and trade center. Fifteen Members are designated from Federal agencies including 6 from the private sector.

The Secretaries of State, Commerce, Agriculture, the Special Trade Representative, The U.S. Information Agency Director, and the GSA Administrator are authorized to detail personnel, office space, supplies, equipment and other support services to the Commission upon request of the Commission, on a nonreimbursable basis. Similarly, the Commission may request these agencies to transfer funds to the Commission to carry out its duties.

Sec. 8. Operation and management of International Cultural and Trade Center

This section describes features of the International Cultural and Trade Center (ICTC), which uses will include space for foreign missions, and international and domestic organizations involved in international trade or cultural activities. Other features of the ICTC may include a world exhibition center, international bazaar, international conference and reference center, and an auditorium.

Funds collected from leases in the ICTC which exceed expenses of the Commission, will be deposited in the Federal Buildings Fund.

The ICTC will make an annual report to Congress, including an itemization of expenses and receipts.

Sec. 9.

This section designates the Departmental Auditorium on the Federal Triangle as the "Andrew W. Mellon Auditorium", in honor of Andrew W. Mellon, Secretary of the Treasury from 1921–1931.

Sec. 10. Definitions

This section defines terms in this act, including a description of the federal triangle property.

HEARINGS

A hearing was held by the Subcommittee on Water Resources, Transportation, and Infrastructure of the Senate Environment and Public Works Committee on May 1, 1987.

ROLLCALL VOTES

Section 7(b) of rule XXVI of the Standing Rules of the Senate and the rules of the Committee on Environment and Public Works require that any rollcall votes taken during consideration of this bill be announced in this report.

On July 29, 1987 the bill was ordered reported by a rollcall vote of 15–0. Voting to report the bill were Senators Burdick, Moynihan, Mitchell, Baucus, Lautenberg, Breaux, Mikulski, Reid, Graham, Stafford, Chafee, Simpson, Durenberger, Warner, and Pressler.

REGULATORY IMPACT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact of the reported bill: It is not expected that

there will be any new regulatory burdens created by the reported bill.

COST OF LEGISLATION

Section 403 of the Congressional Budget and Impoundment Control Act requires each bill to contain a statement of the cost of such bill prepared by the Congressional Budget Office. That report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 3, 1987.

Hon. QUENTIN N. BURDICK,
Chairman, Committee on Environment and Public Works,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 1550, the Federal Triangle Development Act.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

EDWARD M. GRAMLICH,
Acting Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1550.

2. Bill title: Federal Triangle Development Act.

Bill status: As ordered reported by the Senate Committee on Environment and Public Works, July 29, 1987.

4. Bill purpose: The bill would direct the Administrator of the General Services Administration (GSA) to transfer property located at the Federal Triangle in Washington, D.C. to the Pennsylvania Avenue Development Corporation (PADC). The PADC then would be required to prepare a proposal for developing the property into a federal office building and an international cultural and trade center. The bill also authorizes the PADC, upon approval of the development plan, to contract with a developer to arrange private financing and to construct the building. The developer would own the building for 35 years from the date on which construction begins, during which time GSA is authorized to lease the building from the developer. After the 35-year period, the federal government would own the building, and title to the building property would revert from the PADC to GSA. The bill also authorizes the appropriation of $3.7 million for fiscal year 1988 to GSA for transfer to the PADC to prepare and implement the development proposal for the building.

S. 1550 also would establish the International Cultural and Trade Center Commission that would assist in the planning of the federal building and would supervise the international and cultural trade center to be located within the building. The commission would rent space in the building from GSA for the international cultural and trade center, and would then sublet that space for

purposes such as foreign missions, exhibitions, conferences and meetings. The bill authorizes the commission to request several agencies to transfer up to a total of $1 million annually, adjusted for inflation, to the commission for its expenses. Two years after the building is completed, however, this authority to transfer funds would lapse, and the commission would be authorized to pay for its expenses out of fees and rental payments it collects for use of space in the trade center.

5. Estimated cost to the Federal Government:

[By fiscal year, in million of dollars]

	1988	1989	1990	1991	1992
Funds to be transferred from GSA to PADC:					
Authorization level	3.7	.....	.....	.....	.....
Estimated outlays	2.8	0.9	.....	.....	.....
International Cultural and Trade Center Commission:					
Estimated authorization level	1.1	1.1	1.2	1.2	1.3
Estimated outlays	1.0	1.1	1.2	1.2	1.3
Bill total:					
Estimated authorization level	4.8	1.1	1.2	1.2	1.3
Estimated outlays	3.8	2.0	1.2	1.2	1.3

The costs of this bill fall within budget functions 450 and 800.

Basis of estimate: This estimate assumes that S. 1550 will be enacted prior to the beginning of fiscal year 1988 and that the amounts authorized will be appropriated. Estimates of authorization levels for the commission are based on CBO's baseline assumptions for rates of inflation. The estimates of outlays are based on historical spending patterns or the spending patterns of similar organizations.

The bill states that the commission has authority to receive transferred funds for its expenses until two years after the building is completed, at which time the commission could collect fees to cover its expenses. Based on information from GSA and the PADC, CBO expects that the building would not be completed until five years after the bill is enacted, so the commission would be authorized to receive transferred funds until the end of 1994.

Outlays resulting from GSA's rental payments to the developer are not shown because GSA could not occupy the space until after it is completed in 1994 or later.

6. Financing mechanism: S. 1550 authorizes the PADC to select a developer to raise funds privately and build federal office space on federal property. GSA would lease the building from the developer, making only annual rental payments, for about 30 years. Then GSA would own the building. This approach serves as a substitute for the government providing funds itself to construct a federal building. Instead, the government would be using private sector resources to construct the building, repaying them over time in the form of lease payments. This would have the effect of spreading the outlay impact over many years, instead of just during the construction period. This may be a more costly form of financing than ordinary Treasury borrowing.

7. Estimated cost to State and local governments: None.

8. Estimate comparison: None.
9. Previous CBO estimate: None.
10. Estimate prepared by: James Hearn.
11. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

Section 12 of rule XXVI of the Standing Rules of the Senate requires publication of any changes made in existing law by the reported bill.

This bill makes no changes in existing law.

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